



SMIC Q1 2020 Financial Presentation

HKSE: 981

OTCQX: SMICY

SMIC Investor Relations

May 2020

Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements, -Chief Executive Officers are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target," "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goals", "aim", "aspire", "objective", "schedules", "outlook" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessary estimates reflecting judgment of SMIC's senior management and involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC's actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others, risks associated with cyclicalities and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC's reliance on a small number of customers, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this presentation, you should also consider the information contained in our other filings with The Hong Kong Stock Exchange Limited ("SEHK") from time to time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this presentation may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this presentation. Except as required by applicable laws, SMIC undertakes no obligation and does not intend to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events after the date on which such statement is made or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or otherwise.

During this presentation, references to financial measures of SMIC will include references to non-IFRS financial measures, including non-IFRS operating expenses and adjusted EBITDA, and EBITDA margin. For an explanation to the most directly comparable IFRS financial measures, see our earnings release.

1Q20 Financial Highlights

- **Revenue was \$905 million, a record high**

 - Up 7.8% QoQ, compared to \$839 million in 4Q19

 - Up 35.3% YoY, compared to \$669 million in 1Q19

- **Gross margin was 25.8%**

 - Compared to 23.8% in 4Q19

 - Compared to 18.2% in 1Q19

- **Profit attributable to SMIC was \$64 million**

 - Compared to \$89 million in 4Q19

 - Compared to \$12 million in 1Q19

- **\$5.3 billion cash on hand, including financial assets and excluding restricted cash**

 - Compared to \$4.6 billion in 4Q19

 - Compared to \$3.9 billion in 1Q19

Income Statement Highlights

Revenue
R&D expenses

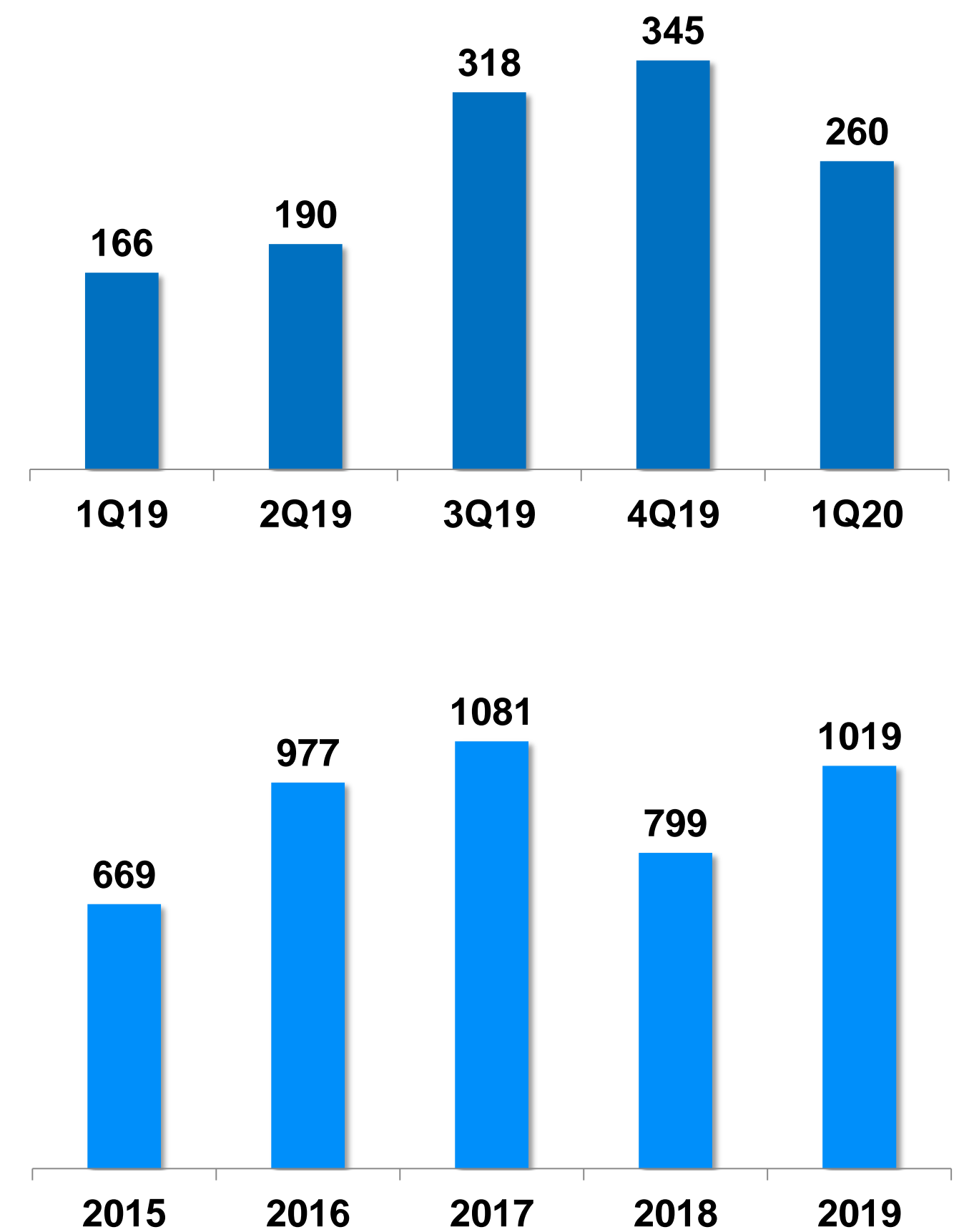
Balance Sheet Highlights

(US\$ thousands)	As of	
	Mar 31, 2020	Dec 31, 2019
Cash and cash equivalent		2,238,840
Restricted Cash		804,547
Financial assets at fair value through profit or loss-current (1)		42,985
Financial assets at amortized cost (2)		2,276,370
Trade and other receivables		836,143
Inventories	616,688	628,885
Assets classified as held		

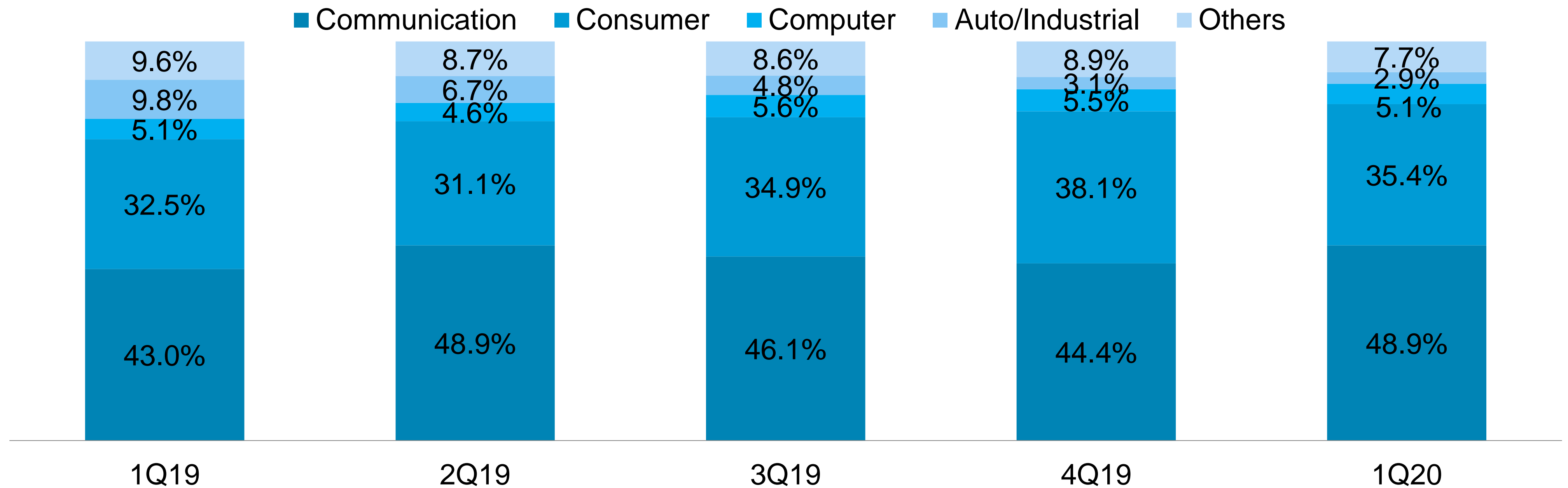
Cash Flow Highlights

<i>(US\$ thousands)</i>	For the three months ended	
	Mar 31, 2020	Dec 31, 2019
Cash and cash equivalent, beginning of period	2,238,840	1,182,479
Net cash from operating activities	259,829	345,037
Net cash used in investing activities	(1,816,977)	235,898
Net cash from (used in) financing activities	991,448	462,110
Net increase (decrease) in cash and cash equivalent	(575,032)	1,056,361
Cash and cash equivalent, end of period	1,663,808	2,238,840

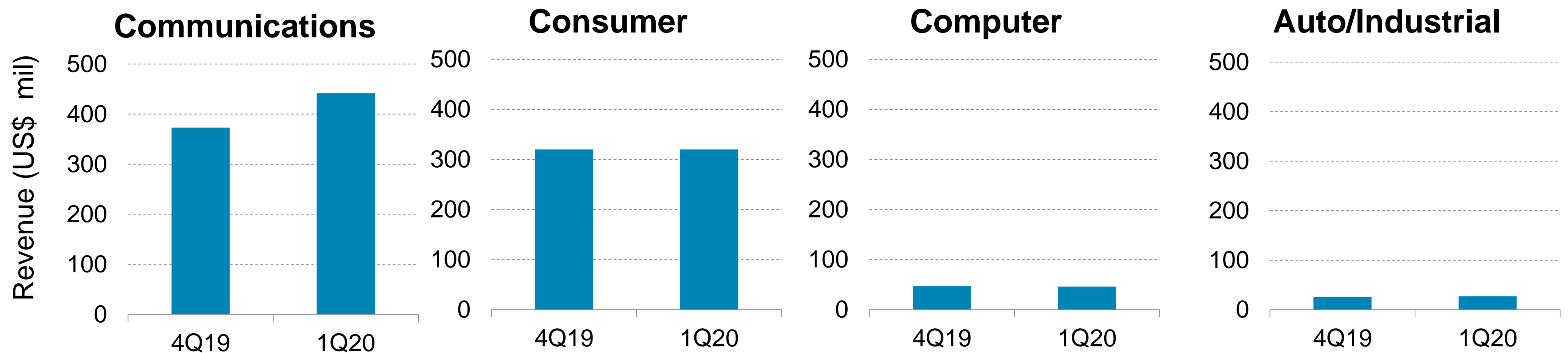
Cash Flow from Operations *(US\$ millions)*



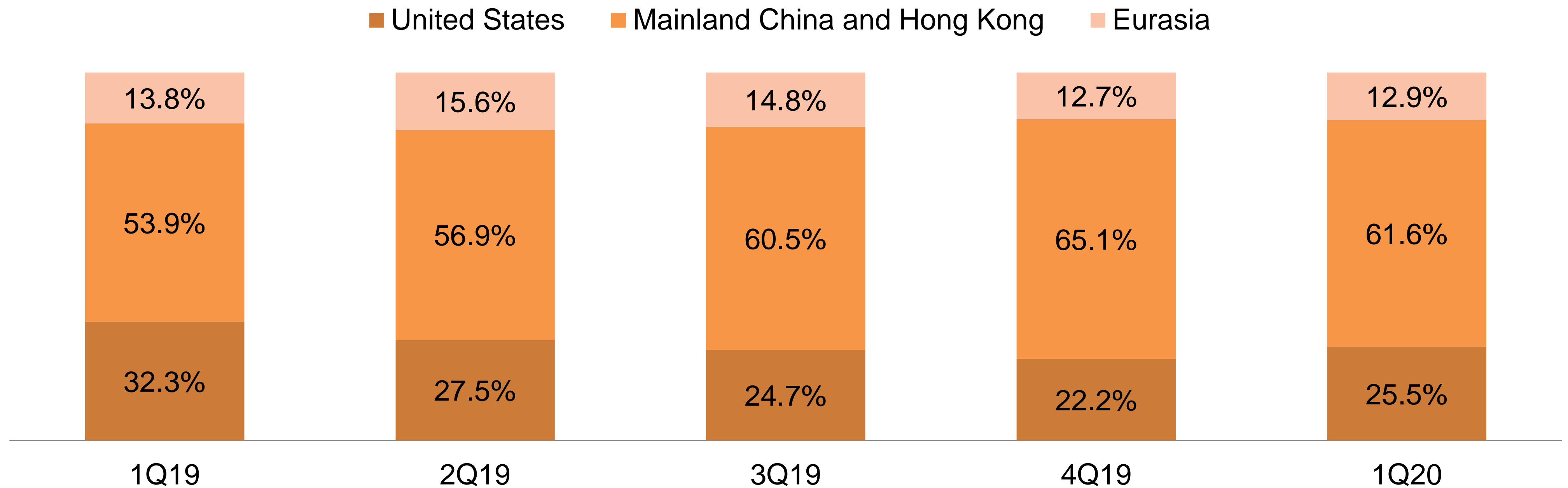
Total Revenue Breakdown by Application



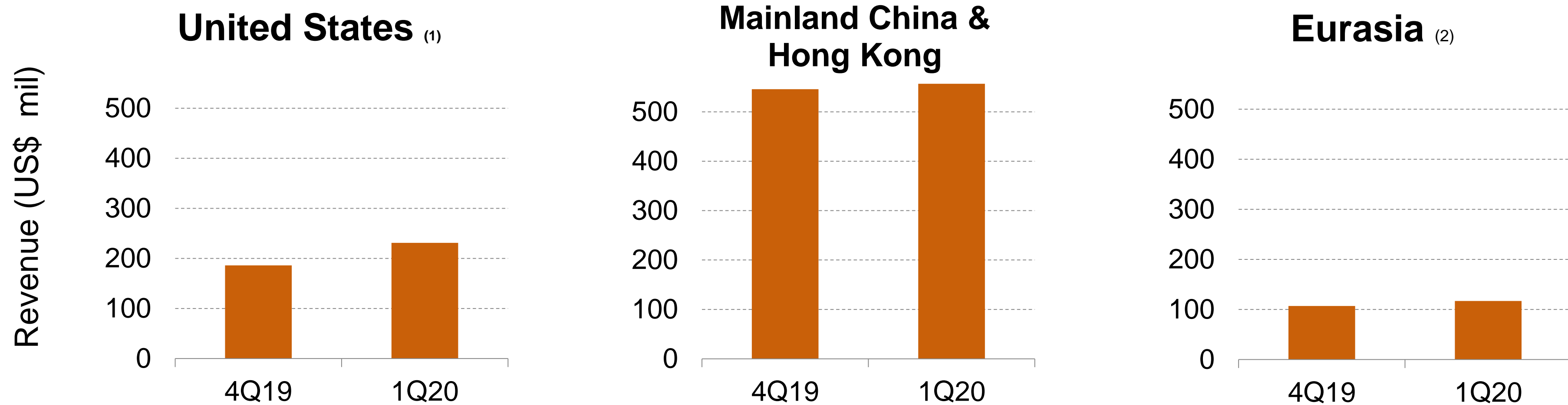
4Q19 vs. 1Q20



Total Revenue Breakdown by Geography



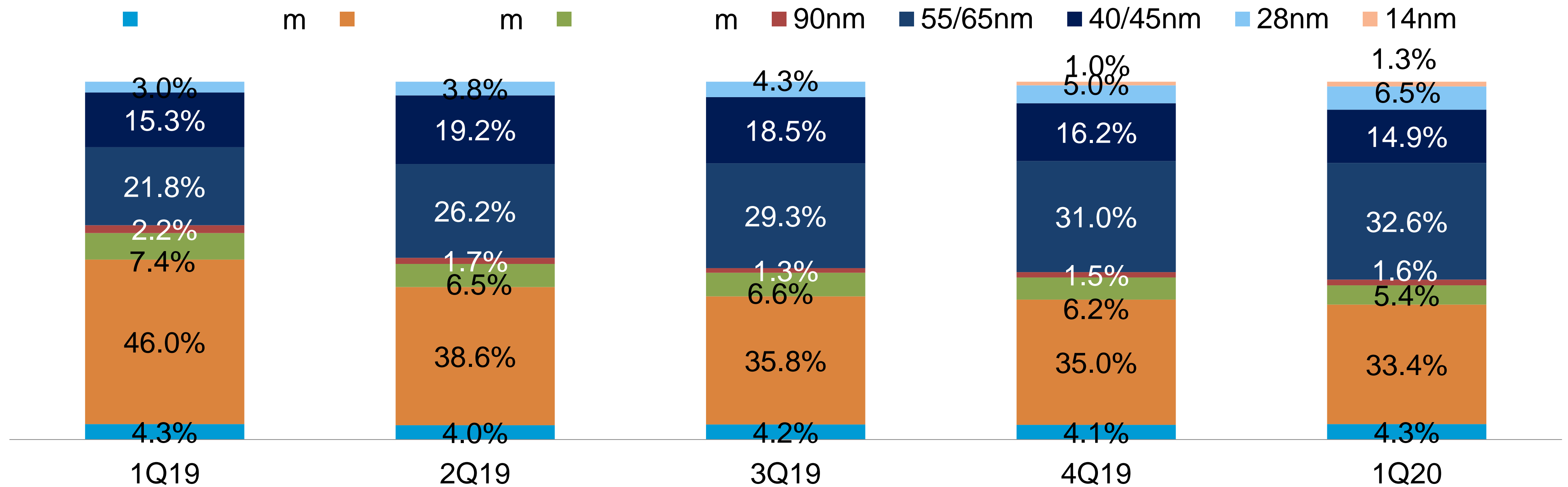
4Q19 vs. 1Q20



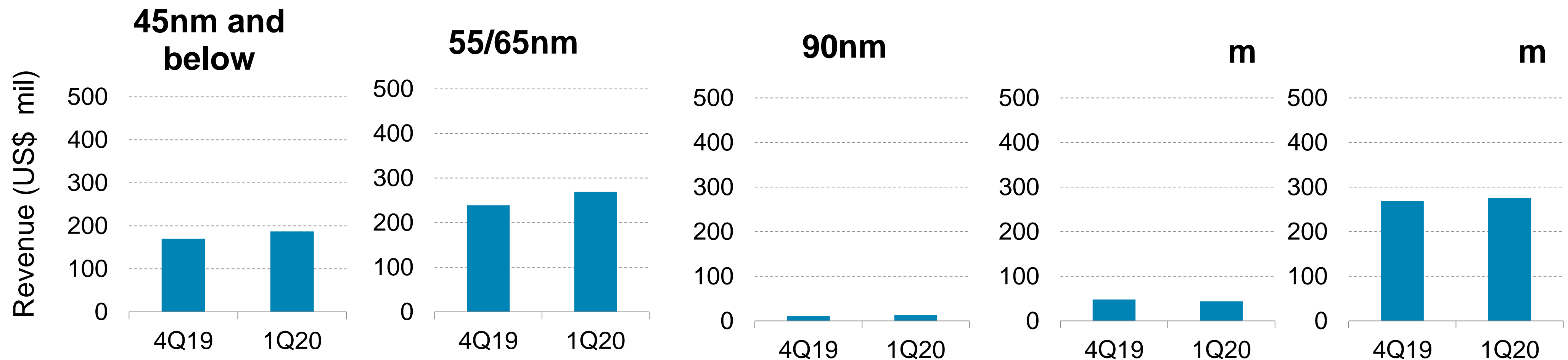
(1) Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

(2) Excluding Mainland China and Hong Kong.

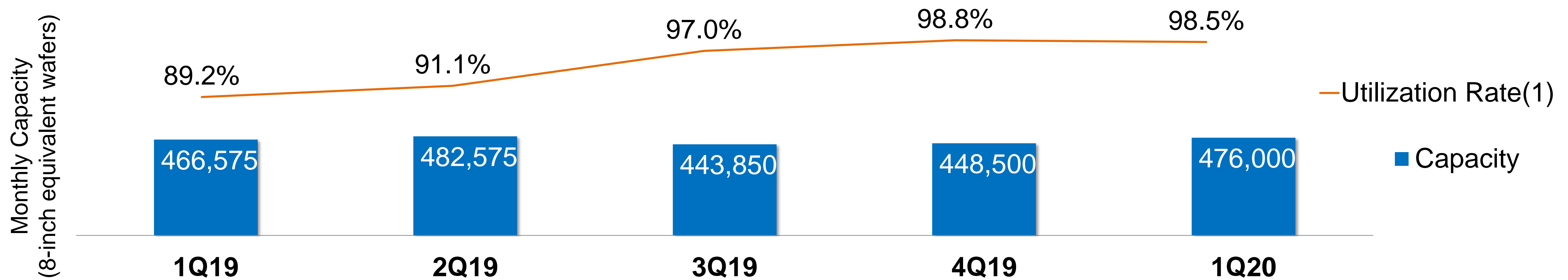
Wafer Revenue Breakdown by Technology



4Q19 vs. 1Q20



Capacity, Utilization and Shipment



	1Q19	2Q19	3Q19	4Q19	1Q20
Shanghai 200mm Fab	112,000	115,000	112,000	115,000	115,000
Shanghai 300mm Fab	10,000	8,000	8,000	2,000	2,000
Beijing 300mm Fab	47,000	50,000	50,000	52,000	52,000
Tianjin 200mm Fab	58,000	57,000	58,000	58,000	63,000
Shenzhen 200mmFab	45,000	50,000	52,000	55,000	55,000
Shenzhen 300mmFab	3,000	3,000	3,000	-	-
Majority-Owned Beijing 300mm Fab	33,000	36,000	37,600	41,000	50,000
Majority-Owned Shanghai 300mm Fab	-	-	-	3,000	4,000
Majority-Owned Avezzano 200mm Fab (2)	42,325	42,325	-	-	-
Monthly Capacity (8-inch equivalent wafers)	466,575	482,575	443,850	448,500	476,000
Wafer Shipments	1,089,502	1,284,451	1,315,443	1,339,400	1,406,714

(1)Capacity utilization rate is reported based on total equivalent wafers out divided by estimated total quarterly capacity

(2)The majority-owned Avezzano 200mm fab was disposed of by the Group in 3Q19

2Q 2020 Guidance and 2020 Capex Guidance

	2Q 2020 Guidance	2020 Capex ⁽²⁾
Revenue	+3% to +5% QoQ \$932 to \$950 million	\$4.3B
Gross Margin	26% to 28%	
Non-IFRS Operating Expenses ⁽¹⁾	\$240 to \$245 million	
Non-controlling interests	\$0 to \$10 million	

(1) Excluding the effect of employee bonus accrual, government funding, impairment loss of tangible and intangible assets, gain or loss on the disposal of machinery and equipment, and gain from the disposal of living quarters.

(2) The planned 2020 capital expenditures increase from approximately \$3.2 billion to \$4.3 billion. The incremental capital expenditures are mainly for the equipment and facility in Shanghai 300mm fab and mature technology production lines.

Appendix

Results vs Original Guidance

	1Q 2020 Original Guidance	1Q 2020 Results
Revenue	+0 to 2% QoQ \$839 to \$856 million	7.8% QoQ \$905 million
Gross Margin	21% to 23%	25.8%
Non-IFRS Operating Expenses ⁽¹⁾	\$294 to \$300 million	\$ 239 million
Non-controlling interests	-\$17 to -\$19 million	\$13 million

Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	1Q19	2Q19	3Q19	4Q19	1Q20
Capex	440	908	190	492	777
Depreciation & Amortization	278	284	280	286	290

Thank You!

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